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SECURITY INFORMATION

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11 April 1952

Office of General Counsel

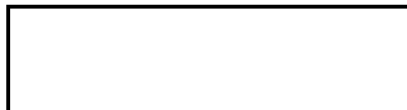
Non-resident Alien Income Tax

1. As I understand it, a Mexican household servant arrived in the United States in February, 1952, and has a definite intention to return to Mexico at some time in the near future. As such, she falls within the category of a non-resident alien "engaged in trade or business" in the United States, and her gross income from sources within the United States is taxable at the same rates as a United States citizen. (After she has remained in the country for ninety (90) days, she will also be taxable on all net capital gains from United States sources regardless of her presence in the country at the time of sale.) She will be permitted deductions only to the extent that they are related to her business income and as an employee, this is probably of no use to her. The standard deduction may not be used. She is entitled, however, to an individual exemption of \$600.00 and additional credits of \$600.00 each if blind or over the age of 65. Her return should be made on Form 1040B at the usual time, unless she leaves the country prior to the end of the tax year, when she will file a Form 1040C.

2. The above is reference information for her. As a practical matter, the tax itself should have been met by withholding which the employer is required to make. The rate of withholding is 30% of the amount paid less an amount of \$1.70 per day (whether or not work is performed). The latter reduction is a pro-ration of her exemption. On or before 15 March of the following year, the employer would then file Form 1042 and pay the tax withheld.

3. If we can be of any further assistance, please advise me.

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OGC/CWP:mkm

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